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# Effective Management and the Human Factor

PHILIP LESLY

Management executives—especially in marketing—are striving to become more scientific. Disciplines for evaluating, measuring, and predicting are the current growth fields of business.

But are these disciplines carrying management further away from where the problems really are? The ideas expressed in this article run somewhat counter to the schools of thought so dominant in today's front offices and some schools of business—and some different answers are suggested.

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ONE axiom of business today on which almost all managers agree is: *The job of the good manager is to review all the facts and eliminate as many uncertainties as possible in reaching decisions.*

This also describes the function of the computer. Managers add experience and judgment, but the fact-analyzing and uncertainty-eliminating functions are their marks as professionals. Our most-admired managers are often described as having computer minds.

These skills aim directly at the classical problem in business: getting to the core of a maze of facts and factors to reach the soundest decision. On the premise that all factors are either knowable or predictable, the professional manager has been trained to concentrate on the facts. He must resist being influenced by the intangibles that will not lend themselves to factual analysis.

The ambitious and discerning younger executive soon learns he will be commended if his programs "stick to specifics," and if his reports are focused on "measurable results." Anything else tends to seem extraneous, and may mark him as being "fuzzy" in his thinking. His boss not only responds to this approach but congratulates himself on developing an effective assistant. The assistant, thus trained, becomes the scientific manager of the future.

The excellent managers of this type have achieved awesome mastery of the tangibles of business: production techniques, purchasing, inventory, warehousing, transportation, cost controls, engineering, finance, manpower requirements, and others. The efficiency of production, operations, transportation, and distribution in American business are the envy of most of the world.

## The Real Problems

But the major problems facing business today are mostly intangible, immeasurable, and not subject to factual analysis.

- The main problem in production is no longer increasing the efficiency of our plants, but the attitudes of the people whose jobs are to be changed or eliminated by more efficient methods.
- The principal problem of growth through innovation is not organizing and administering development programs, but the reactions of the intended customers and dealers to the product.
- The personnel problem is not projecting a firm's manpower needs and standards, but persuading the best people to work for the company—and then to stay and do their best work.

- The financing problem is not financial planning for the company's funding, but the attitude of the stock market or other investors.
- The problem in advertising is not minutely analyzing the media, the timing, and the costs, but how to reach the minds and hearts of the audience.
- The problem of business acceptance is no longer demonstrating that it operates in the public interest, but getting people to understand that its cornucopia works better when it has a minimum of restraints.

*All of these problems, and others, are in the minds of men—the most intangible, immeasurable, and unpredictable of all elements affecting a business.*

Not only are group attitudes not subject to being fed into computer minds to produce readouts in organized form. Actually in many cases the more effort that is made to measure, stabilize, and predict the forces involved in these attitudes, the more wrong the "answers" will be.

### The Puzzling Human

Any one person defies full understanding, as every husband and father (or wife and mother) realizes. We know little about the source of life itself, the forces that carry one through life, or the thousands of thoughts and emotions everyone has every day. Man is just achieving some knowledge of the living virus—an organism incomparably simpler than the simplest of human beings; and the single human being is infinitely simpler than any psychological group to which he belongs. Just one person is a puzzle far greater than any inanimate challenge man has conquered. And a large group of such individuals is vastly more complex than the multiplication of individuals involved.

It is no wonder that group attitudes so far defy the most avid efforts of the fact-minded to classify and control them. It is also not surprising, perhaps, that fact-minded managers tend to bypass those aspects of the total picture that defy their disciplines. *And so broad planning and operations are carried on with too little attention to the one factor that will usually determine their success—the attitudes of people.*

If only what can be counted counts, then we must ignore the influence in our world of a mother's devotion, a woman's love, a child's admiration, a father's loyalty, joy in the beauty of flowers and music, fun, aspiration, curiosity—in sum, everything that makes life worth living and the world go on.

Applying this to actual decision-making: any computer would have indicated that Britain could not be defended in 1940. Hitler's forces, momentum, and resources were at their apex; and Britain was

reeling, without allies and with pitifully thin resources. But Churchill said, "We shall fight on the beaches . . .," and the intangible human factors of courage, determination, and persuasion made all the "facts" wrong.

The measurable facts originally showed that Truman could not be elected in 1948, and that the United States would not elect a Catholic in 1960. Computers "said" on September 15, 1964, that there was a 95% certainty that the Phillies would win the National League pennant—but then "human psychology" took effect.

Small men sometimes win Olympics medals on spirit; and public attitudes toward the facts of corporate profits, labor relations, and freedom from government interference refuse to respond to the "practical" measures that management uses so well in other problem solving.

### The Trend in Marketing

It is notable that marketing, which is entirely dependent on the attitudes of dealers and customers—human attitudes—is moving more and more toward computerized thinking that assumes anything that cannot be counted does not count. Marketing plans are made that are aimed at making the consumer act as the manufacturer and dealer want him to. But consumers decide that they prefer long-lasting products to obsolescence, and mail- and telephone-ordering to store promotions. And when they get "fed up" with dishonest packaging and come-ons, they ask some branch of the federal government to "protect" their interests.

Many of the recommendations that come out of hard-headed analysis of the "facts" are frustrated by existing attitudes. Not only are the analyses likely to be distorted by the lack of input of attitudes, but the "answers" cannot be executed.

- The railroads' struggle to modernize is stalled by the attitudes of the public and government left over from the roads' old image as ruthless,

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His "Public Relations Handbook" is the most widely used general book on the subject. A second edition was published in 1962. Previous books were "Public Relations: Principles and Procedures," and "Public Relations in Action."

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giving undue support to unions' demands and bureaucracies' restrictions.

- When the facts add up to moving a plant or headquarters, the move is often blocked by opposition of employees.
- Growth or improved operations by acquisition or merger increasingly is prevented by the attitudes of the public and government officials, based on fear of concentrated power.
- Efforts to meet threats of new competition are hobbled by resistance of employees: department stores' night and Sunday hours, newspapers' efforts to automate typesetting and use mass-produced ads.
- Need to follow changing social patterns is blocked by lingering prejudices from past problems: efforts of major Illinois banks to follow population trends are balked by the law prohibiting branch banking.
- Meeting unfair competition: the public's readiness to have tax laws favor co-operatives and credit unions over their profit-making competitors.
- Technological innovation: delayed use of new building materials and techniques because legislators cling to old building codes and unions block new methods.
- Building excellence into the staff: employee and community sympathy for the weak but veteran employee; objection of career employees to bringing in outsiders rather than promoting from within.

### Using the Intangibles

The trend to making everything measure up—therefore, to be measurable—is continuing, however. It is marked by many instances where companies have turned to outside thinkers for answers—and then completely distorted what they offered, in efforts to make it conform to the insistence on tangibility.

- The widely hailed uses of psychology to probe the inner workings of the consumer mind have too often been turned into efforts to manipulate the consumer instead of understand and meet his urges.
- Sociologists' thoughts for coping with social movements tend to be weighed as tools of short-term profit planning.
- Economists hired to probe the dynamics of economic movements and trends have been harnessed to statistics-making for computer programming, to seek predictions of the outcome for specific actions.
- Public relations—which is the over-all discipline of understanding, adjusting to, and motivating all group attitudes—is most often seen merely as a tool for selling products, like store display or package design.

Where this can lead is seen all too frequently:

- There have been numerous "corporate fads" that rose to prominence because they seemed to offer measurable and visible results. These always include things that can be held, seen, felt, or at least tabulated. A few years ago the community and employee open house was the rage: one could see the 8,000 or 10,000 people go through the plant, drink their Cokes, and look awestruck at the machines. But the costs often were as much as all other public relations budgets for the year, and when few magic transformations of attitude occurred, open houses tapered off to occasional events from which moderate benefits are expected. There was a period when the socko annual report—complete with gatefolds in four colors—was the rage. It, too, could be seen and felt. But costs shot up, stockholders showed little change in attitude, so annual reports are now at a sensible level.
- Projects or budgets are approved on the basis of how tangible they are. One appliance manufacturer spent about \$75,000 on one junket for editors because the management could see and talk with them on the trip, thereby sensing it was a "real" activity. A competitor spent a total of \$70,000 on a sound (but not-so-visible) public relations program for 12 months, and not only received several times as much favorable press attention but built stature with stockholders, plant communities, dealers, and other publics. Sometimes budget requests of \$500 to \$2,500 are refused for functions that cannot be felt or handled but which could achieve a change in group attitudes, and yet at the same time expenditures of \$30,000 to \$50,000 are approved for a big meeting complete with "floor show."

One trade association that had successfully changed attitudes toward its products over a number of years raised its dues structure substantially, partly to put funds into displays for meetings and literature that can reach small groups of people. Very small additions were made in the budget for the functions that had created the success. But the displays and printed pieces can be seen and felt.

### The Motive for Recommendations

This condition forces those responsible to management to make their recommendations on the basis of tangibility, rather than judgment of actual values. This is the same malady that finds some ambitious men more concerned about their visibility to the boss than their accomplishments.

These factors apply equally well to marketing management. Great energies have been expended

in marketing research, advertising testing, and audience measurements. Users of these techniques seek to convert the spirit that sparks the human mind into "solid" information; and the social sciences are given respectable status because they may hold promise for codifying the mass human mind.

Advertising then tends to become a numbers game . . . and public relations to become a glorified term for product publicity.

There appears to be a great need for:

1. Realization that the practical-minded man must always make a special effort to seek out the vital factors that cannot be measured and include them in the mix leading to his answers.
2. Awareness of what the intangibles are and their nature.
3. Awareness of their importance in determining the results of any policy, program, or action.
4. Knowing how to direct the course of attitudes—persuade, influence, inform, proselytize, or at least reconcile the people with whom we deal.

These are the ingredients of real public relations. Opinion research, publicity, work with organiza-

tions, and the rest are the *tools*, not the substance, of public relations.

Public-relations people of experience and ability are sensitive to these intangible attitudes, know how to sense and test them, and are trained in judgment and techniques for dealing with them. They have a role to play in the total management function.

After all, *nothing is more indivisible in a company than its reputation and the climate in which it does business*. These are the concerns of the company's public relations, which must be unified as the *antenna*, the *conscience*, and the *voice* of the whole corporation.

Carried to an extreme, efforts to computerize business judgments, in a world run by human attitudes, create their own defeats. They squeeze out the unique and the original, because things or ideas that have not existed before tend to be "vague" and cannot be measured. They solidify the positions of organization men and smother ideas from the outside. They reward the superficial because it can be measured.

Albert Einstein, who is usually considered this century's epitome of the precise computer-like mind, said in "Out of My Later Years":

"Perfection of means and confusion of goals seem—in my opinion—to characterize our age."

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## MARKETING MEMO

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### *They Look at TV, but They Also Read . . .*

One frequent criticism is that television viewing interferes with other cultural interests. But although book publishers are notoriously eager to complain of their economic plight, publishing has been flourishing as never before during the decade of television's greatest growth. In April, 1962, the American Library Association surveyed its membership in 115 cities with a population of over 50,000. The respondent librarians reported that book circulation was up 29 per cent among adults. The president of the association summed up the results of the study: "The electronic media do not detract from education and reading . . . but, rather, seem to encourage it."

—Charles Winick, "The Remora Syndrome," *Business Horizons*, Vol. 6 (Winter, 1963), pp. 63-72, at p. 66.